



General Assembly

February Session, 2012

Raised Bill No. 5500

LCO No. 2186

02186_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING AN EXPANSION OF TAX INCREMENTAL
FINANCING AND AN ADJUSTMENT TO CERTAIN DATES RELATING
TO THE FINANCING OF STEEL POINT IN BRIDGEPORT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2012*) (a) A municipality
2 undertaking a redevelopment project pursuant to chapter 130 of the
3 general statutes, a development project pursuant to chapter 132 of the
4 general statutes or a project pursuant to section 32-23zz of the general
5 statutes, as amended by this act, may, upon approval of the plan for
6 such project by the Secretary of the Office of Policy and Management
7 and the Commissioner of Economic and Community Development
8 pursuant to this section, have such project financed, in whole or in
9 part, by the incremental revenues from the personal income tax and
10 sales and use taxes attributable to such project, as provided in section 2
11 of this act.

12 (b) To apply for approval of such project, a municipality shall
13 prepare a plan for the area of the project, and submit such plan to said
14 secretary and commissioner. Such plan shall be in addition to any plan
15 required by chapter 130 or 132 of the general statutes, or section 32-

16 23zz of the general statutes, as amended by this act, and shall include,
17 but need not be limited to:

18 (1) A legally-recognized survey of the measurements of the
19 boundaries of the area wherein such project is located;

20 (2) Details of all infrastructure improvement plans for the project
21 area, to the extent reasonably anticipated upon the date of submission
22 of such plan, and the estimated costs of the infrastructure
23 improvements;

24 (3) The most recent assessed value of the real property located
25 within the project area, and an estimate of the assessed value of such
26 real property upon completion of such project;

27 (4) The total number of persons currently employed within the
28 project area of the project, with separate listings of full-time, part-time
29 and temporary positions, and an estimate of the total number of such
30 persons and positions upon completion of such project;

31 (5) The number of persons estimated to be employed for purposes
32 of implementing such project, with separate listings of full-time, part-
33 time and temporary positions;

34 (6) A list of the public investments that have been made in the
35 project area, and that will be necessary in the future to support
36 infrastructure or other improvements;

37 (7) Estimates, and a description of the sources of funds to pay for
38 project costs, including the (A) type and terms of bonds, notes or other
39 obligations of the state that may be necessary, (B) type and source of
40 other public funds, and (C) type and source of any private funds;

41 (8) Details of any financial commitments currently in place to pay
42 for project costs;

43 (9) Details of any private development project planned for the

44 project area, and whether such private development project anticipates
45 using public funds, if known;

46 (10) A list of all development subsidies that any business located in
47 the project area has received and the entity supplying such subsidies;

48 (11) A cost-benefit analysis of such project, including a study of the
49 fiscal impact of such project on the state;

50 (12) A market study for the project area;

51 (13) A list of the community and economic benefits expected to
52 result from such project; and

53 (14) Certification by the chief elected official of the applying
54 municipality that the plan is accurate as of the date of submission.

55 (c) To apply for a specified portion of the sales and use taxes
56 generated by such project to be used as part of such project's financing
57 plan, a municipality shall submit to the Commissioner of Economic
58 and Community Development and the Secretary of the Office of Policy
59 and Management, in addition to the plan described in subsection (b) of
60 this section, the following information:

61 (1) The amount of sales and use tax revenues received by the
62 Department of Revenue Services from all businesses within the
63 boundaries of the project area in the base year, where "base year"
64 means the average of the five years preceding the date of submittal of
65 this information; and

66 (2) An estimate of the increase in the amount of sales tax revenue
67 from existing and new businesses within the completed project area,
68 and the estimated dates of such increase.

69 (d) To apply for a specified portion of the personal income tax
70 withheld by employers pursuant to section 12-707 of the general
71 statutes, located in the project area that is to be used as part of such

72 project's financing plan, a municipality shall submit to the
73 Commissioner of Economic and Community Development, in addition
74 to the plan described in subsection (b) of this section, the following
75 information:

76 (1) The gross wages, amount of federal personal income tax
77 withheld, and amount of personal income tax withheld by employers
78 within the boundaries of the project area in the base year, where "base
79 year" means the average of the five years preceding the date of
80 submittal of this information;

81 (2) An estimate of the number of new jobs, listing the number of
82 full-time, part-time and temporary positions, created in the completed
83 project area, and the increase in the amount of withholding taxes paid
84 to the state by employers on behalf of new and existing employees
85 within the completed project area, and the estimated dates of such
86 increase; and

87 (3) An analysis of the impact of such project on employment
88 patterns, including whether certain businesses will relocate within
89 such project area, and whether completion of the project will reduce
90 employment at any other site, within or outside the state.

91 (e) (1) Either the Commissioner of Economic and Community
92 Development or the Secretary of the Office of Policy and Management
93 may request further information from any municipality applying for
94 approval under this section. Both the commissioner and secretary shall
95 approve or deny approval not later than ninety days after the date of
96 the completed application, provided the municipality, the
97 commissioner and the secretary may agree to extend this deadline if
98 necessary for complete review and consideration of such project.

99 (2) Upon approval of such municipality's project, the commissioner
100 and secretary shall, together with representatives from such
101 municipality, develop a plan of development and redevelopment for
102 the project area, and a proposal for financing such plan, subject to the

103 limitations on the use of incremental tax revenues under section 2 of
104 this act and section 32-23zz of the general statutes, as amended by this
105 act.

106 Sec. 2. (NEW) (*Effective July 1, 2012*) (a) For purposes of this section,
107 "baseline year" means the calendar year during which a project was
108 approved as provided in section 1 of this act.

109 (b) If the Commissioner of Economic and Community Development
110 and the Secretary of the Office of Policy and Management approve the
111 plan for a project as required pursuant to section 1 of this act, such
112 project may be financed by incremental tax revenues, provided the
113 amount of such incremental tax revenues available for such project in
114 any one year shall not exceed seventy-five per cent of such incremental
115 tax revenues. Twenty-five per cent of such incremental tax revenues
116 shall be retained by the state. The municipality shall submit an annual
117 report to the commissioner and secretary updating the plan required
118 pursuant to section 1 of this act and providing such other information
119 as the commissioner and secretary may require.

120 (c) With respect to sales and use taxes generated by businesses
121 located within the project area: (1) The incremental increase in sales
122 and use tax revenue for a business located within the project area shall
123 be measured by subtracting the sales taxes paid in the baseline year
124 from the sales taxes generated by such business during each year
125 thereafter; and (2) the incremental increase in sales and use tax revenue
126 for a business either formed or relocating within the project area shall
127 be measured by subtracting the sales and use tax paid by such
128 business during the last full calendar year prior to such formation or
129 relocation, from the sales and use taxes generated by such business
130 during each year thereafter.

131 (d) With respect to withholding taxes remitted by businesses located
132 within the project area pursuant to section 12-707 of the general
133 statutes: (1) The incremental increase in withholding taxes remitted by
134 a business located within the project area shall be measured by

135 subtracting the withholding taxes remitted by such business during
136 the baseline year from the withholding taxes remitted by such business
137 during each year thereafter; and (2) the incremental increase in
138 withholding taxes remitted by a business either formed or relocating
139 within the project area shall be measured by subtracting the
140 withholding taxes remitted by such business during the last full
141 calendar year prior to such formation or relocation, from the
142 withholding taxes remitted by such business during each year
143 thereafter.

144 (e) Notwithstanding the provisions of subsections (c) and (d) of this
145 section, if a project is being financed pursuant to section 32-23zz of the
146 general statutes, as amended by this act, the provisions of said section
147 32-23zz regarding the calculation for incremental sales and use taxes
148 and withholding taxes shall control.

149 Sec. 3. Section 32-23zz of the 2012 supplement to the general statutes
150 is repealed and the following is substituted in lieu thereof (*Effective July*
151 *1, 2012*):

152 (a) For the purpose of assisting (1) any information technology
153 project, as defined in subsection (ee) of section 32-23d, which is located
154 in an eligible municipality, as defined in subdivision (12) of subsection
155 (a) of section 32-9t, [or] (2) any remediation project, as defined in
156 subsection (ii) of section 32-23d, or (3) any project for redevelopment,
157 as provided in chapter 130, or any municipal development project, as
158 provided in chapter 132, the Connecticut Development Authority may,
159 upon a resolution of the legislative body of a municipality, issue and
160 administer bonds which are payable solely or in part from and secured
161 by: (A) A pledge of and lien upon any and all of the income, proceeds,
162 revenues and property of such a project, including the proceeds of
163 grants, loans, advances or contributions from the federal government,
164 the state or any other source, including financial assistance furnished
165 by the municipality or any other public body, (B) taxes or payments or
166 grants in lieu of taxes allocated to and payable into a special fund of

167 the Connecticut Development Authority pursuant to the provisions of
168 subsection (b) of this section, or (C) any combination of the foregoing.
169 Any such bonds of the Connecticut Development Authority shall
170 mature at such time or times not exceeding thirty years from their date
171 of issuance and shall be subject to the general terms and provisions of
172 law applicable to the issuance of bonds by the Connecticut
173 Development Authority, except that such bonds shall be issued
174 without a special capital reserve fund as provided in subsection (b) of
175 section 32-23j and, for purposes of section 32-23f, only the approval of
176 the board of directors of the authority shall be required for the
177 issuance and sale of such bonds. Any pledge made by the municipality
178 or the Connecticut Development Authority for bonds issued as
179 provided in this section shall be valid and binding from the time when
180 the pledge is made, and revenues and other receipts, funds or moneys
181 so pledged and thereafter received by the municipality or the
182 Connecticut Development Authority shall be subject to the lien of such
183 pledge without any physical delivery thereof or further act. The lien of
184 such pledge shall be valid and binding against all parties having
185 claims of any kind in tort, contract or otherwise against the
186 municipality or the Connecticut Development Authority, even if the
187 parties have no notice of such lien. Recording of the resolution or any
188 other instrument by which such a pledge is created shall not be
189 required. In connection with any such assignment of taxes or payments
190 in lieu of taxes, the Connecticut Development Authority may, if the
191 resolution so provides, exercise the rights provided for in section 12-
192 195h of an assignee for consideration of any lien filed to secure the
193 payment of such taxes or payments in lieu of taxes. All expenses
194 incurred in providing such assistance may be treated as project costs.

195 (b) (1) Any proceedings authorizing the issuance of bonds under
196 this section may contain a provision that taxes or a specified portion
197 thereof, if any, identified in such authorizing proceedings and levied
198 upon taxable real or personal property, [or both,] taxable sales, taxable
199 personal income withheld and remitted by an employer pursuant to
200 section 12-707 or any combination thereof, in a project each year, or

201 payments or grants in lieu of such taxes or a specified portion thereof,
202 by or for the benefit of any one or more municipalities, districts or
203 other public taxing agencies, as the case may be, shall be divided as
204 follows:

205 ~~[(1)]~~ (A) (i) In each fiscal year that portion of the taxes or payments
206 or grants in lieu of taxes which would be produced by applying the
207 then current tax rate of each of the taxing agencies to the total sum of
208 the assessed value of the taxable property in the project on the date of
209 such authorizing proceedings, adjusted in the case of grants in lieu of
210 taxes to reflect the applicable statutory rate of reimbursement, shall be
211 allocated to and, when collected, shall be paid into the funds of the
212 respective taxing agencies in the same manner as taxes by or for said
213 taxing agencies on all other property are paid; and ~~[(2)]~~ (ii) that portion
214 of the assessed taxes or the payments or grants in lieu of taxes, or both,
215 each fiscal year in excess of the amount referred to in [subdivision (1)
216 of this subsection] subparagraph (A)(i) of this subdivision shall be
217 allocated to and when collected shall be paid into a special fund of the
218 Connecticut Development Authority to be used in each fiscal year, in
219 the discretion of the Connecticut Development Authority, to pay the
220 principal of and interest due in such fiscal year on bonds issued by the
221 Connecticut Development Authority to finance, refinance or otherwise
222 assist such project, to purchase bonds issued for such project, or to
223 reimburse the provider of or reimbursement party with respect to any
224 guarantee, letter of credit, policy of bond insurance, funds deposited in
225 a debt service reserve fund, funds deposited as capitalized interest or
226 other credit enhancement device used to secure payment of debt
227 service on any bonds issued by the Connecticut Development
228 Authority to finance, refinance or otherwise assist such project, to the
229 extent of any payments of debt service made therefrom.

230 (B) (i) In each fiscal year that portion of the sales tax which would be
231 produced by applying the sales tax revenues generated by the project
232 in the calendar year prior to the date of such authorizing proceeding
233 shall be allocated to and, when collected by the Department of

234 Revenue Services, shall be paid into the General Fund; and (ii) that
235 portion of the sales tax revenues each fiscal year in excess of the
236 amount referred to in subparagraph (B)(i) of this subdivision shall be
237 allocated to and, when collected by the Department of Revenue
238 Services, shall be paid into a special fund of the Connecticut
239 Development Authority to be used in each fiscal year, in the discretion
240 of the Connecticut Development Authority, to pay the principal of and
241 interest due in such fiscal year on bonds issued by the Connecticut
242 Development Authority to finance, refinance or otherwise assist such
243 project, to purchase bonds issued for such project or to reimburse the
244 provider of or reimbursement party with respect to any guarantee,
245 letter of credit, policy of bond insurance, funds deposited in a debt
246 service reserve fund, funds deposited as capitalized interest or other
247 credit enhancement device used to secure payment of debt service on
248 any bonds issued by the Connecticut Development Authority to
249 finance, refinance or otherwise assist such project, to the extent of any
250 payments of debt service made therefrom.

251 (C) (i) In each fiscal year that portion of the personal income tax
252 withheld pursuant to section 12-707 which would be produced by
253 applying the withholding tax remitted by companies affected by the
254 project in the calendar year prior to the date of such authorizing
255 proceeding shall be allocated to and, when collected by the
256 Department of Revenue Services, shall be paid into the General Fund;
257 and (ii) that portion of the personal income tax withheld pursuant to
258 section 12-707 and remitted each fiscal year in excess of the amount
259 referred to in subparagraph (C)(i) of this subdivision shall be allocated
260 to and, when collected by the Department of Revenue Services, shall be
261 paid into a special fund of the Connecticut Development Authority to
262 be used in each fiscal year, in the discretion of the Connecticut
263 Development Authority, to pay the principal of and interest due in
264 such fiscal year on bonds issued by the Connecticut Development
265 Authority to finance, refinance or otherwise assist such project, to
266 purchase bonds issued for such project or to reimburse the provider of
267 or reimbursement party with respect to any guarantee, letter of credit,

268 policy of bond insurance, funds deposited in a debt service reserve
269 fund, funds deposited as capitalized interest or other credit
270 enhancement device used to secure payment of debt service on any
271 bonds issued by the Connecticut Development Authority to finance,
272 refinance or otherwise assist such project, to the extent of any
273 payments of debt service made therefrom.

274 (2) Unless and until the total assessed valuation of the taxable
275 property in a project exceeds the total assessed value of the taxable
276 property in such project as shown by the last assessment list referred to
277 in subparagraph (A) of subdivision (1) of this subsection, all of the
278 taxes levied and collected and all of the payments or grants in lieu of
279 taxes due and collected upon the taxable property, taxable sales or
280 taxable personal income in such project shall be paid into the funds of
281 the respective taxing agencies. When such bonds and interest thereof,
282 and such debt service reimbursement to the provider of or
283 reimbursement party with respect to such credit enhancement, have
284 been paid in full, all moneys thereafter received from taxes or
285 payments or grants in lieu of taxes upon the taxable property, taxable
286 sales or taxable personal income in such development project shall be
287 paid into the funds of the respective taxing agencies in the same
288 manner as taxes on all other property, sales or personal income are
289 paid. The total amount of bonds issued pursuant to this section which
290 are payable from grants in lieu of taxes payable by the state shall not
291 exceed an amount of bonds, the debt service on which in any state
292 fiscal year is, in total, equal to one million dollars.

293 (c) The authority may make grants or provide loans or other forms
294 of financial assistance from the proceeds of special or general
295 obligation notes or bonds of the authority issued without the security
296 of a special capital reserve fund within the meaning of subsection (b)
297 of section 32-23j, which bonds are payable from and secured by, in
298 whole or in part, the pledge and security provided for in section 8-134,
299 8-192, 32-227 or this section, all on such terms and conditions,
300 including such agreements with the municipality and the developer of

301 the project, as the authority determines to be appropriate in the
302 circumstances, provided any such project in an area designated as an
303 enterprise zone pursuant to section 32-70 receiving such financial
304 assistance shall be ineligible for any fixed assessment pursuant to
305 section 32-71, and the authority, as a condition of such grant, loan or
306 other financial assistance, may require the waiver, in whole or in part,
307 of any property tax exemption with respect to such project otherwise
308 available under subsection (59) or (60) of section 12-81.

309 (d) As used in this section, "bonds" means any bonds, including
310 refunding bonds, notes, temporary notes, interim certificates,
311 debentures or other obligations; "legislative body" has the meaning
312 provided in subsection (w) of section 32-222; and "municipality" means
313 a town, city, consolidated town or city or consolidated town and
314 borough.

315 (e) For purposes of this section, references to the Connecticut
316 Development Authority shall include any subsidiary of the
317 Connecticut Development Authority established pursuant to
318 subsection (l) of section 32-11a, and a municipality may act by and
319 through its implementing agency, as defined in subsection (k) of
320 section 32-222.

321 (f) In the case of a remediation project, as defined in subsection (ii)
322 of section 32-23d, that involves buildings that are vacant, underutilized
323 or in deteriorating condition and as to which municipal real property
324 taxes are delinquent, in whole or in part, for more than one fiscal year,
325 the amount determined in accordance with subdivision (1) of
326 subsection (b) of this section may, if the resolution of the municipality
327 so provides, be established at an amount less than the amount so
328 determined, but not less than the amount of municipal property taxes
329 actually paid during the most recently completed fiscal year. If the
330 Connecticut Development Authority issues bonds for the remediation
331 project, the amount established in the resolution shall be used for all
332 purposes of subsection (a) of this section.

333 Sec. 4. Section 32-462b of the general statutes is repealed and the
334 following is substituted in lieu thereof (*Effective from passage*):

335 In accordance with the provisions of section 32-462, during the
336 period commencing January 1, 2010, and ending June 30, [2012] 2015,
337 any agency, as defined in section 32-462, may provide financial
338 assistance from existing programs to the Steel Point project for the
339 purposes of development and improvements to property in the city of
340 Bridgeport, in said time period, in an aggregate amount not to exceed
341 forty million dollars.

342 Sec. 5. Subsection (o) of section 2 of public act 05-289 is repealed and
343 the following is substituted in lieu thereof (*Effective from passage*):

344 (o) At the option of the city of Bridgeport by vote of the city council
345 of the city of Bridgeport, the district shall be merged into the city of
346 Bridgeport if no bonds are issued by the district not later than [four]
347 ten years after the effective date of this section or after the bonds
348 authorized by this section are no longer outstanding and any property
349 which is owned by the district shall be distributed to the city of
350 Bridgeport.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2012</i>	New section
Sec. 2	<i>July 1, 2012</i>	New section
Sec. 3	<i>July 1, 2012</i>	32-23zz
Sec. 4	<i>from passage</i>	32-462b
Sec. 5	<i>from passage</i>	PA 05-289, Sec. 2(o)

Statement of Purpose:

To allow a municipality to include incremental state sales taxes and personal income taxes as part of the financing plan for a redevelopment project, and to adjust certain dates related to the financing for the Steel Point project in Bridgeport.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]